

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2012**

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Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 225
Fowler, Kansas

We have audited the accompanying financial statements of Unified School District No. 225, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 225 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 225 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 225, as of June 30, 2012, and their respective cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

February 1, 2013

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (DEFICIT)**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
Governmental funds:		
General funds:		
General	\$ 49	\$ -
Supplemental general	28,488	-
Special revenue funds:		
At-risk (4 year old)	-	-
Capital outlay	478,352	494
Driver training	12,997	-
At-risk (K-12)	-	-
Food service	36,161	60
Special education	10,762	-
Bilingual education	-	-
Recreation commission	12,637	-
KPERs special retirement contributions	-	-
Gifts and grants	1,173	-
Title I, low income	-	-
Title IIA teacher quality	-	-
Title III	-	-
REAP	1	-
Textbook and student material	34,254	-
Contingency reserve	176,836	-
District activity funds	4,532	-
Debt service funds		
Bond and interest	74,008	-
Total primary government (excluding agency funds)	870,250	554
Component unit:		
Fowler Recreation Commission	3,422	-
Total reporting entity (excluding agency funds)	\$ 873,672	\$ 554

The accompanying notes are an integral
part of the financial statements.

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 1,487,805	\$ 1,487,854	\$ -	\$ -	\$ -
547,057	527,127	48,418	35,817	84,235
11,340	11,340	-	-	-
81,486	218,735	341,597	59,947	401,544
1,692	9,229	5,460	-	5,460
144,396	144,396	-	-	-
143,143	159,033	20,331	-	20,331
164,942	157,388	18,316	-	18,316
8,694	8,694	-	-	-
28,753	28,950	12,440	-	12,440
136,565	136,565	-	-	-
3,136	2,098	2,211	1,423	3,634
24,695	24,695	-	-	-
5,416	5,416	-	-	-
145	145	-	-	-
44,957	44,958	-	-	-
6,978	26,526	14,706	464	15,170
-	13,565	163,271	-	163,271
80,788	79,240	6,080	-	6,080
134,459	119,158	89,309	-	89,309
3,056,447	3,205,112	722,139	97,651	819,790
28,950	32,980	(608)	15,250	14,642
<u>\$ 3,085,397</u>	<u>\$ 3,238,092</u>	<u>\$ 721,531</u>	<u>\$ 112,901</u>	<u>\$ 834,432</u>

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (DEFICIT) (CONTINUED)**

Year ended June 30, 2012

<u>Fund</u>	<u>Ending cash balance</u>
Composition of cash balance:	
Super Now account	\$ 728,353
Certificates of deposit	100,000
High School Now account	14,605
Elementary account	<u>3,250</u>
Total primary government	846,208
Agency funds	<u>(11,776)</u>
Total reporting entity (excluding agency funds)	<u><u>\$ 834,432</u></u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
Governmental funds:					
General funds:					
General	\$ 1,589,868	\$ (101,682)	\$ 1,488,186	\$ 1,487,854	\$ 332
Supplemental general	561,039	(33,912)	527,127	527,127	-
Special revenue funds:					
At-risk (4 year old)	15,120	-	15,120	11,340	3,780
Capital outlay	370,333	-	370,333	218,735	151,598
Driver training	10,773	-	10,773	9,229	1,544
At-risk (K-12)	261,354	-	261,354	144,396	116,958
Food service	171,402	-	171,402	159,033	12,369
Special education	194,016	-	194,016	157,388	36,628
Bilingual education	9,828	-	9,828	8,694	1,134
Recreation commission	28,950	-	28,950	28,950	-
KPERs special retirement contributions	137,035	-	137,035	136,565	470
Debt service fund:					
Bond and interest	119,158	-	119,158	119,158	-
	<u>3,468,876</u>	<u>(135,594)</u>	<u>3,333,282</u>	<u>3,008,469</u>	<u>324,813</u>
Component unit:					
Fowler Recreation Commission	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>32,980</u>	<u>(2,980)</u>
	<u><u>\$ 3,498,876</u></u>	<u><u>\$ (135,594)</u></u>	<u><u>\$ 3,363,282</u></u>	<u><u>\$ 3,041,449</u></u>	<u><u>\$ 321,833</u></u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem	\$ 252,607	\$ 249,473	\$ 3,134
Delinquent	871	1,282	(411)
Federal sources:			
Education Jobs	736	-	736
State sources:			
State aid	1,109,592	1,213,641	(104,049)
Special education aid	120,174	125,472	(5,298)
Mineral production tax	3,825	-	3,825
	1,487,805	\$ 1,589,868	\$ (102,063)
Expenditures subject to legal maximum budget:			
Instruction	757,582	\$ 603,215	\$ (154,367)
Support services:			
Student support services	114,381	106,517	(7,864)
General administration	103,170	123,452	20,282
School administration	127,743	151,569	23,826
Operations and maintenance	73,069	87,755	14,686
Student transportation services:			
Supervision	-	39,019	39,019
Operating transfers	311,909	478,341	166,432
Adjustment to comply with legal maximum budget	-	(101,682)	(101,682)
	1,487,854	\$ 1,488,186	\$ 332
Receipts over (under) expenditures	(49)		
Unencumbered cash, beginning of year	49		
Unencumbered cash, end of year	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	<u>Statutory amounts</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem	\$ 415,848	\$ 397,279	\$ 18,569
Delinquent	2,783	2,208	575
Motor vehicle	20,403	28,894	(8,491)
Recreational vehicle	550	736	(186)
State sources:			
State aid	<u>107,473</u>	<u>110,269</u>	<u>(2,796)</u>
Total cash receipts	<u>547,057</u>	<u>\$ 539,386</u>	<u>\$ 7,671</u>
Expenditures subject to legal maximum budget:			
Instruction	95,749	\$ 263,600	\$ 167,851
Support services:			
Student support services	558	8,100	7,542
Instructional support staff	1,305	-	(1,305)
General administration	37,455	27,900	(9,555)
School administration	5,555	7,350	1,795
Other supplemental services	36,185	-	(36,185)
Operations and maintenance	205,751	166,000	(39,751)
Student transportation services:			
Vehicle operating services	58,378	70,183	11,805
Supervision	7,171	200	(6,971)
Vehicle and maintenance services	38,449	10,300	(28,149)
Operating transfers	40,571	7,406	(33,165)
Adjustment to comply with legal maximum budget	<u>-</u>	<u>(33,912)</u>	<u>(33,912)</u>
Total expenditures	<u>527,127</u>	<u>\$ 527,127</u>	<u>\$ -</u>
Receipts over (under) expenditures	19,930		
Unencumbered cash, beginning of year	<u>28,488</u>		
Unencumbered cash, end of year	<u>\$ 48,418</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

AT-RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Transfer from general	\$ 11,340	\$ 15,120	\$ (3,780)
Expenditures:			
Instruction	11,340	\$ 15,120	\$ 3,780
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	-		
Unencumbered cash, end of year	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem	\$ 54,087	\$ 51,689	\$ 2,398
Delinquent	361	265	96
Motor vehicle	2,987	4,055	(1,068)
Recreational vehicle	78	103	(25)
Interest	4,638	5,000	(362)
Other	19,335	5,000	14,335
Total cash receipts	81,486	\$ 66,112	\$ 15,374
Expenditures:			
Instruction	24,068	\$ 20,000	\$ (4,068)
Operations and maintenance	-	20,000	20,000
Student transportation services:			
Other student transportation services	67,869	100,000	32,131
Facility acquisition and construction	78,712	-	(78,712)
Building improvements	48,086	230,333	182,247
Total expenditures	218,735	\$ 370,333	\$ 151,598
Receipts over (under) expenditures	(137,249)		
Unencumbered cash, beginning of year	478,352		
Prior year canceled encumbrances	494		
Unencumbered cash, end of year	\$ 341,597		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
State aid	\$ 1,692	\$ 888	\$ 804
Expenditures:			
Instruction	8,720	\$ 8,873	\$ 153
Support services:			
School administration	-	200	200
Operations and maintenance	509	1,700	1,191
Total expenditures	9,229	\$ 10,773	\$ 1,544
Receipts over (under) expenditures	(7,537)		
Unencumbered cash, beginning of year	12,997		
Unencumbered cash, end of year	\$ 5,460		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

AT-RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Transfer from general	\$ 144,396	\$ 261,354	\$ (116,958)
Expenditures:			
Instruction	144,396	\$ 261,354	\$ 116,958
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	-		
Unencumbered cash, end of year	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Charges for services	\$ 33,876	\$ 36,756	\$ (2,880)
Federal aid	73,239	65,664	7,575
State aid	1,028	981	47
Other revenue	4,000	-	4,000
Transfer from general	-	28,958	(28,958)
Transfer from supplemental general	31,000	7,406	23,594
Total cash receipts	143,143	\$ 139,765	\$ 3,378
Expenditures:			
Operations and maintenance	2,944	\$ 1,000	\$ (1,944)
Food service operations	156,089	170,402	14,313
Total expenditures	159,033	\$ 171,402	\$ 12,369
Receipts over (under) expenditures	(15,890)		
Unencumbered cash, beginning of year	36,161		
Prior year canceled encumbrances	60		
Unencumbered cash, end of year	\$ 20,331		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Other revenue	\$ 7,892	\$ -	\$ 7,892
Transfer from general	147,479	163,081	(15,602)
Transfer from supplemental general	9,571	-	9,571
Total cash receipts	164,942	\$ 163,081	\$ 1,861
Expenditures:			
Instruction	155,884	\$ 193,216	\$ 37,332
Vehicle operating services	1,504	800	(704)
Total expenditures	157,388	\$ 194,016	\$ 36,628
Receipts over (under) expenditures	7,554		
Unencumbered cash, beginning of year	10,762		
Unencumbered cash, end of year	\$ 18,316		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Transfer from general	\$ 8,694	\$ 9,828	\$ (1,134)
Expenditures:			
Instruction	8,694	\$ 9,828	\$ 1,134
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	-		
Unencumbered cash, end of year	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem	\$ 27,049	\$ 25,848	\$ 1,201
Delinquent	156	133	23
Motor vehicle	1,509	2,026	(517)
Recreational vehicle	39	52	(13)
Total cash receipts	28,753	\$ 28,059	\$ 694
Expenditures:			
Transfer to component unit	28,950	\$ 28,950	\$ -
Receipts over (under) expenditures	(197)		
Unencumbered cash, beginning of year	12,637		
Unencumbered cash, end of year	\$ 12,440		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTIONS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
State aid	\$ 136,565	\$ 137,035	\$ (470)
Expenditures:			
Instruction	89,828	\$ 89,972	\$ 144
Support services:			
Student support services	8,822	8,374	(448)
Instructional support staff	1,929	-	(1,929)
General administration	8,860	9,857	997
School administration	10,810	12,364	1,554
Operations and maintenance	6,483	6,699	216
Student transportation services	4,495	4,881	386
Food service	5,338	4,888	(450)
Total expenditures	<u>136,565</u>	<u>\$ 137,035</u>	<u>\$ 470</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem	\$ 122,618	\$ 117,199	\$ 5,419
Delinquent	523	661	(138)
Motor vehicle	6,362	9,134	(2,772)
Recreational vehicle	190	233	(43)
State aid	<u>4,766</u>	<u>4,766</u>	<u>-</u>
Total cash receipts	<u>134,459</u>	<u>\$ 131,993</u>	<u>\$ 2,466</u>
Expenditures:			
Debt service:			
Principal	40,000	\$ 40,000	\$ -
Interest	<u>79,158</u>	<u>79,158</u>	<u>-</u>
Total expenditures	<u>119,158</u>	<u>\$ 119,158</u>	<u>\$ -</u>
Receipts over (under) expenditures	15,301		
Unencumbered cash, beginning of year	<u>74,008</u>		
Unencumbered cash, end of year	<u>\$ 89,309</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

**FOWLER RECREATION COMMISSION
(A COMPONENT UNIT)**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Appropriation from Unified School District No. 225	\$ 28,950	<u>\$ 29,000</u>	<u>\$ (50)</u>
Expenditures:			
Community service operations	<u>32,980</u>	<u>\$ 30,000</u>	<u>\$ (2,980)</u>
Receipts over (under) expenditures	(4,030)		
Unencumbered cash, beginning of year,	<u>3,422</u>		
Unencumbered cash, end of year	<u>\$ (608)</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Special revenue funds			
	Gifts and grants	Title I	Title IIA	Title III
Cash receipts:				
Federal aid	\$ -	\$ 24,695	\$ 5,416	\$ 145
Contributions and donations	3,136	-	-	-
Other	-	-	-	-
	3,136	24,695	5,416	145
Total cash receipts				
Expenditures:				
Instruction	2,098	24,695	5,416	145
Receipts over (under) expenditures	1,038	-	-	-
Unencumbered cash, beginning of year	1,173	-	-	-
Unencumbered cash, end of year	\$ 2,211	\$ -	\$ -	\$ -

The accompanying notes are an integral
part of the financial statements.

<u>Special revenue funds</u>			
<u>REAP</u>	<u>Textbook and student material</u>	<u>Contingency reserve</u>	<u>Total</u>
\$ 44,957	\$ -	\$ -	\$ 75,213
-	-	-	3,136
-	6,978	-	6,978
44,957	6,978	-	85,327
44,958	26,526	13,565	117,403
(1)	(19,548)	(13,565)	(32,076)
1	34,254	176,836	212,264
<u>\$ -</u>	<u>\$ 14,706</u>	<u>\$ 163,271</u>	<u>\$ 180,188</u>

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

DISTRICT ACTIVITY FUNDS

**STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending cash balance
Gate receipts:						
Regional tournament	\$ 669	\$ 2,381	\$ 3,050	\$ -	\$ -	\$ -
Black and Gold Tournament	435	3,324	2,622	1,137	-	1,137
Gates	278	12,488	12,766	-	-	-
Total gate receipts	<u>1,382</u>	<u>18,193</u>	<u>18,438</u>	<u>1,137</u>	<u>-</u>	<u>1,137</u>
High school projects:						
Yearbook	-	3,620	3,620	-	-	-
Woodworking and metals	-	2,304	2,288	16	-	16
Pop and candy vending	447	1,355	1,478	324	-	324
Activities miscellaneous	1	-	-	1	-	1
JH technology	-	4,738	3,583	1,155	-	1,155
Senior announcements	51	342	342	51	-	51
Athletic jackets	243	-	283	(40)	-	(40)
Miscellaneous	4	289	56	237	-	237
Miscellaneous girls	(25)	25	-	-	-	-
Total high school projects	<u>721</u>	<u>12,673</u>	<u>11,650</u>	<u>1,744</u>	<u>-</u>	<u>1,744</u>
Grade school projects:						
Meals	-	22,836	22,814	22	-	22
Breakfasts	-	1,031	931	100	-	100
MS/HS meals	-	7,263	7,063	200	-	200
MS/HS breakfast	-	223	123	100	-	100
Adults and guests	-	3,185	3,394	(209)	-	(209)
Milk sales	-	9	9	-	-	-
Summer food program	-	64	64	-	-	-
GS textbook fees	-	3,795	3,612	183	-	183
HS textbook fees	-	4,380	4,158	222	-	222
Miscellaneous	2,137	5,760	5,161	2,736	-	2,736
Field trip	-	704	1,151	(447)	-	(447)
Donations/school supplies	172	-	-	172	-	172
Returned check fees	2	2	2	2	-	2
GS library books	118	40	40	118	-	118
Miscellaneous sales	-	6	6	-	-	-
Vending sales	-	347	347	-	-	-
Music sales	-	277	277	-	-	-
Total grade school projects	<u>2,429</u>	<u>49,922</u>	<u>49,152</u>	<u>3,199</u>	<u>-</u>	<u>3,199</u>
Total school projects	<u>3,150</u>	<u>62,595</u>	<u>60,802</u>	<u>4,943</u>	<u>-</u>	<u>4,943</u>
Total district activity funds	<u>\$ 4,532</u>	<u>\$ 80,788</u>	<u>\$ 79,240</u>	<u>\$ 6,080</u>	<u>\$ -</u>	<u>\$ 6,080</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
Football-HS	\$ 170	\$ 1,700	\$ 1,725	\$ 145
Football-JH	167	874	942	99
Volleyball-HS	793	2,674	3,017	450
Volleyball-JH	193	1,427	867	753
Basketball-HS	674	4,755	5,297	132
Basketball-JH	246	1,384	1,464	166
Track-HS	194	1,889	1,204	879
Track-JH	(167)	1,811	896	748
Cross country track	20	511	511	20
Golf-HS	(29)	371	258	84
Quiz bowl-HS	360	2,740	3,114	(14)
Quiz bowl-JH	1	2,477	2,364	114
Speech	214	2,242	1,644	812
Junior/Senior play	5	-	-	5
Stuco	129	1,189	868	450
HS cheerleading	1,675	6,694	8,448	(79)
JH cheerleading	1,388	2,713	3,087	1,014
Class of 06	30	-	-	30
Class of 07	4	-	-	4
Class of 10	12	-	-	12
Class of 12	569	25,439	25,958	50
Class of 13	1,167	19,355	17,956	2,566
Class of 14	(78)	213	42	93
Class of 15	-	558	455	103
6th and 8th grade	19	-	-	19
Music-vocal	2,773	241	223	2,791
Music-band	(27)	831	616	188
Total student organizations	10,502	82,088	80,956	11,634
Clearing funds:				
Sales tax-HS	97	5,810	5,817	90
Interest	579	110	689	-
Sales tax-GS	16	38	2	52
Total clearing funds	692	5,958	6,508	142
Total agency funds	\$ 11,194	\$ 88,046	\$ 87,464	\$ 11,776

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 225
FOWLER, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity.

1. Reporting entity

Unified School District No. 225 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 225 (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District.

Fowler Recreation Commission. The Commission oversees recreational activities. Two of the five members of the governing board are appointed by the Board of Education. The Commission operates as a separate governing body but the District levies the taxes for the Commission and the Commission has only the powers granted by statute K.S.A. 12-1928. The Commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Fowler Recreation Commission may be obtained as follows:

Fowler Recreation Commission
P.O. Box 170
Fowler, KS 67844

2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations and constituting an independent fiscal and accounting entity. District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

The following funds comprise the financial activities of the District for the year ended June 30, 2012:

GOVERNMENTAL FUNDS

General Funds

General funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities than any other fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulations.

Debt Service Fund

Debt service funds are used to account for the financing of long-term debt that is not otherwise financed from other revenue.

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations and other governmental units.

3. Basis of accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

K.S.A. 72-6417 and K.S.A. 79-6434 require that districts receiving state aid in July for the previous fiscal year ended in June record and account for these funds as receipts for the previous fiscal year ending on the preceding June 30.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting (continued)

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for general funds, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The following fund was amended:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
KPERs Special Retirement Contributions	\$ 133,331	\$ 137,035

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, capital projects funds, permanent funds, agency funds, and the following special revenue funds:

Contingency Reserve
Gifts and Grants
Textbook and Student Material
District Activity Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's cash balances. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 72-6427.

6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20, and the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the District's share of all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Compensated absences

The District's policy grants employees vacation days based on contracts for certified personnel. Non-certified personnel receive ten days of vacation after completing one year of service. When certain conditions are met, accumulated vacation time is paid to the employee upon termination, retirement or resignation. Personal leave is granted at two days per year for certified and non-certified employees. Unused personal days are lost at year end.

All certified personnel receive ten days of sick leave annually. Non-certified personnel receive one day of sick leave per month of work. Unused sick days are allowed to accumulate up to 60 days for certified employees and 36 for non-certified employees. The District retains the option to pay accumulated sick leave upon termination, retirement, or resignation. The District pays accumulated sick leave at a rate of \$25 per day.

9. Section 125 Plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for medical reimbursements, health, dental, and dependent care. The plan is administered by an independent company.

10. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies, however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to have a main or branch bank in the county in which the District is located, or in an adjoining county if such an institution has been designated as an official depository, and the bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the Commission may invest in any one issuer. The District has no investment policy that would further limit its investment choices.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year-end the carrying amount of the District's deposits was \$846,208. The bank balance was \$926,737. Of the bank balance, \$254,050 was covered by FDIC insurance, and the remaining \$672,687 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2012 were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
School building bonds – Series 2009					
Issued January 1, 2009					
In the amount of \$1,940,000					
At interest rate of 3.60 to 4.45%					
Maturing September 1, 2029					
	\$ 1,940,000	\$ -	\$ 40,000	\$ 1,900,000	\$ 79,158

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2013	\$ 55,000	\$ 77,258	\$ 132,258
2014	60,000	74,958	134,958
2015	65,000	72,458	137,458
2016	70,000	69,758	139,758
2017	75,000	66,858	141,858
2018-2022	460,000	284,715	744,715
2023-2027	635,000	176,494	811,494
2028-2030	480,000	32,735	512,735
Total	<u>\$ 1,900,000</u>	<u>\$ 855,234</u>	<u>\$ 2,755,234</u>

D. INTERFUND TRANSACTIONS

Recurring annual operating transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. These transfers, authorized by K.S.A. 72-6428 and K.S.A. 72-6433, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	At-risk (4 year old)	\$ 11,340
General	At-risk (K-12)	144,396
General	Special education	147,479
General	Bilingual	8,694
		<u>311,909</u>
Supplemental general	Food service	31,000
Supplemental general	Special education	9,571
		<u>40,571</u>
		<u>\$ 352,480</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

Recreation fund	Fowler Recreation Commission	<u>\$ 28,950</u>
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E. DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603-3869), at the following website: www.kpers.org or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates at 4% and 6%, respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll for July 1, 2011 through June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$136,565, \$74,073, and \$91,615, respectively.

F. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, natural disasters, and medical needs of employees. The District purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

G. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

H. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

H. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2013, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.